

## **PERFORMANCE AUDITING DEFINITION**

Performance Auditing is a natural and essential partner with Performance Management, Accountable Management, or Management for Results. Whatever the terminology there should be a certain amount of independent verification and testing of the reliability and validity of the data used to measure and report outcomes.

Performance audits may entail a broad or narrow scope of work and apply a variety of methodologies; involve various levels of analysis, research, or evaluation; generally provide findings, conclusions, and recommendations; and result in the issuance of a report.

It is not always necessary for the audit function to be external and independent of the organization as long as the internal audit function participates in an independent peer review process regularly. Performance Auditors, internal or external, must comply with professional standards. External auditors can test and rely upon internal auditors' workpapers and reports whenever they are found to be valid and performed with sufficient independence.

Performance audits (also known as value-for-money audits) examine whether money is being spent wisely by government—whether value is received for the money spent. Specifically, they look at the organizational and program elements of government performance, whether government is achieving something that needs doing at a reasonable cost, and (evaluate) consider whether government managers are:

- Making the best use of public funds; and,
- Adequately accounting for the prudent and effective management of the resources entrusted to them.

In completing governmental audits, performance auditors collect and analyze information about how resources are managed; that is, how they are acquired and how they are used. They also assess whether legislators and the public have been given an adequate explanation of what has been accomplished with the resources provided to government managers.

The aim of performance audits is to provide the legislature and the public with independent assessments about whether government programs are implemented and administered economically, efficiently, and effectively, and whether Legislators and the public are being provided with fair, reliable accountability information with respect to organizational and program performance.

Performance Audits should answer three basic questions:

- Are we doing the right thing(s)?
- Are we doing things efficiently and effectively?
- Did we get the results that we wanted?